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Near East and South Asia Review



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25 October 1985

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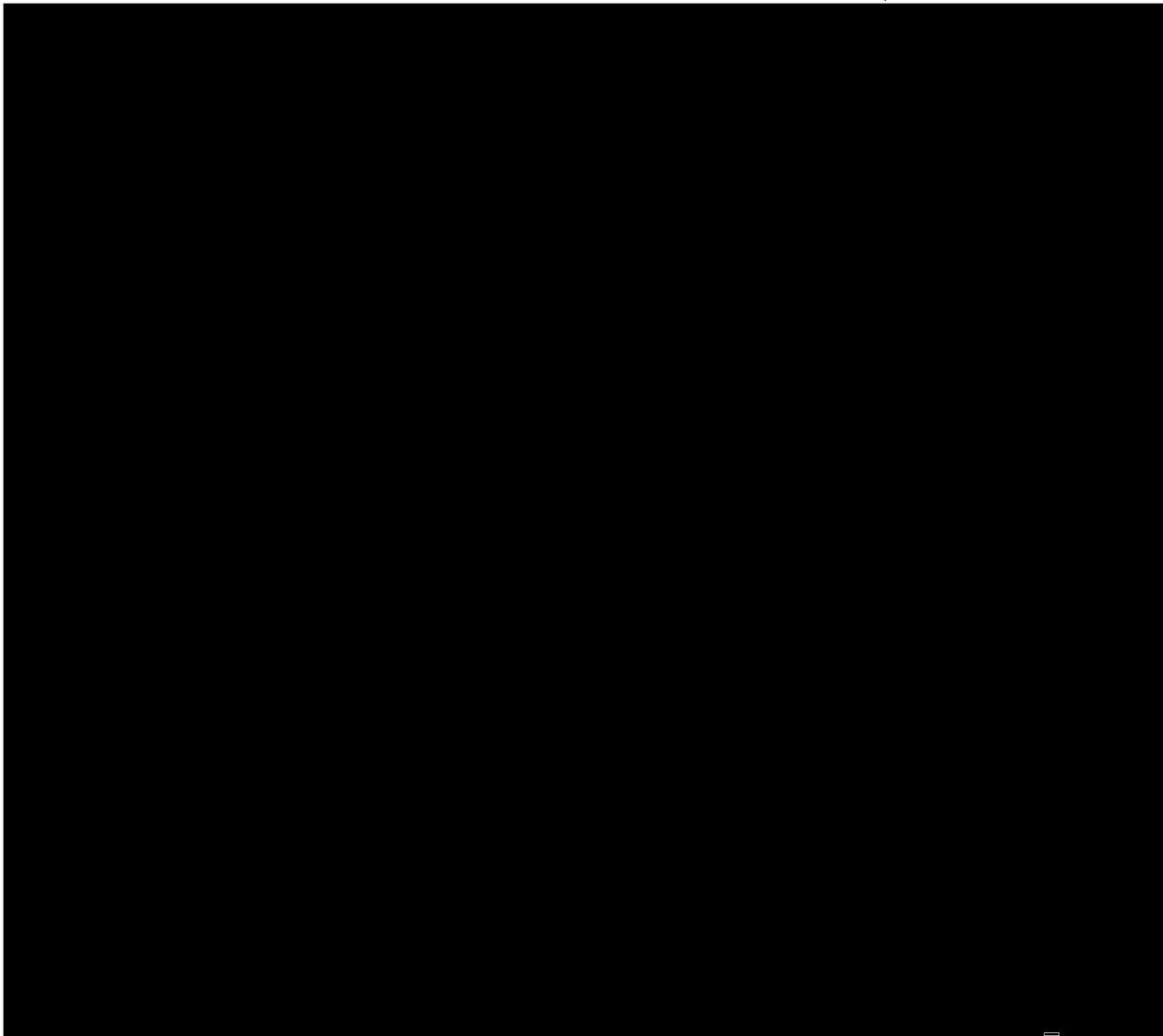
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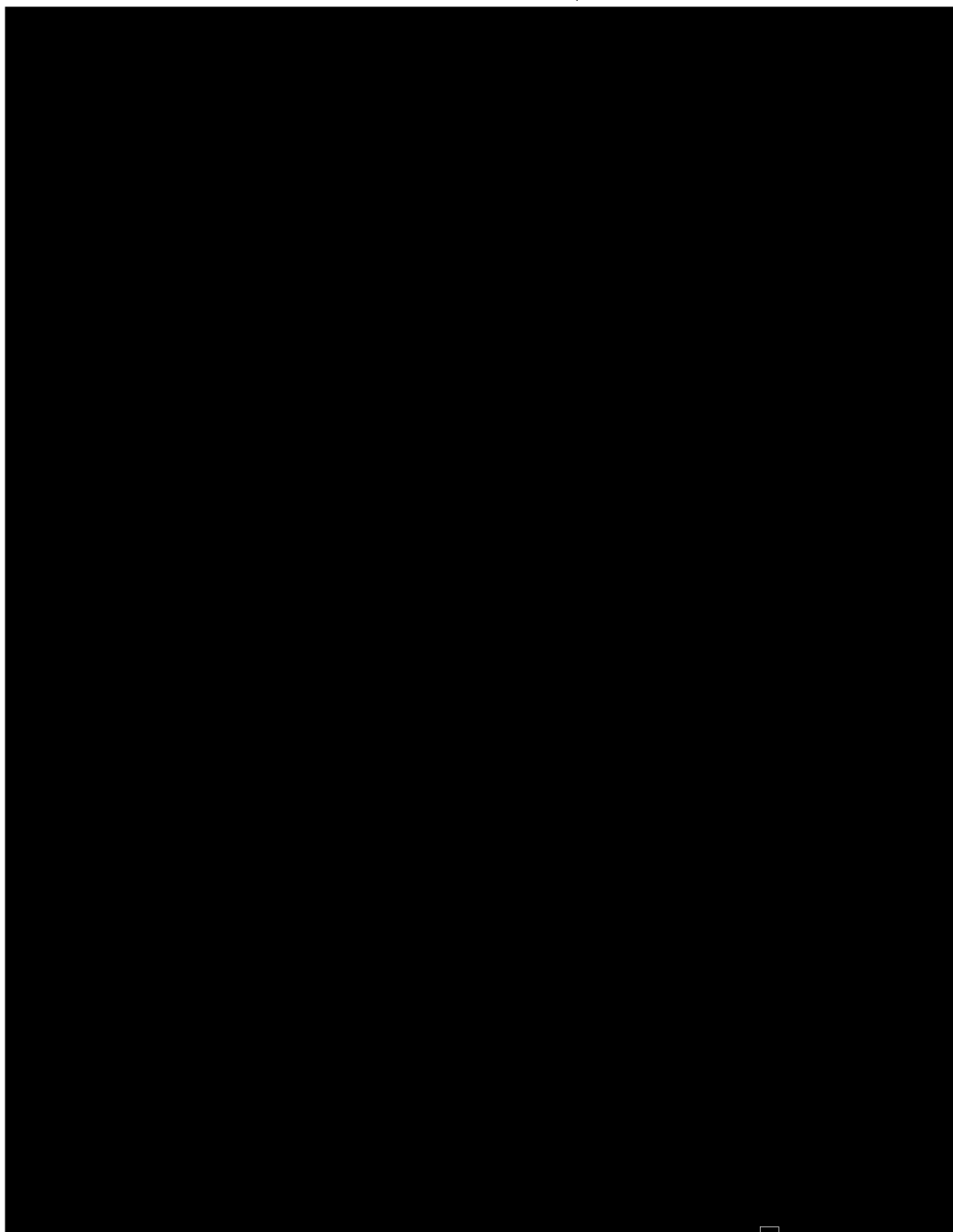
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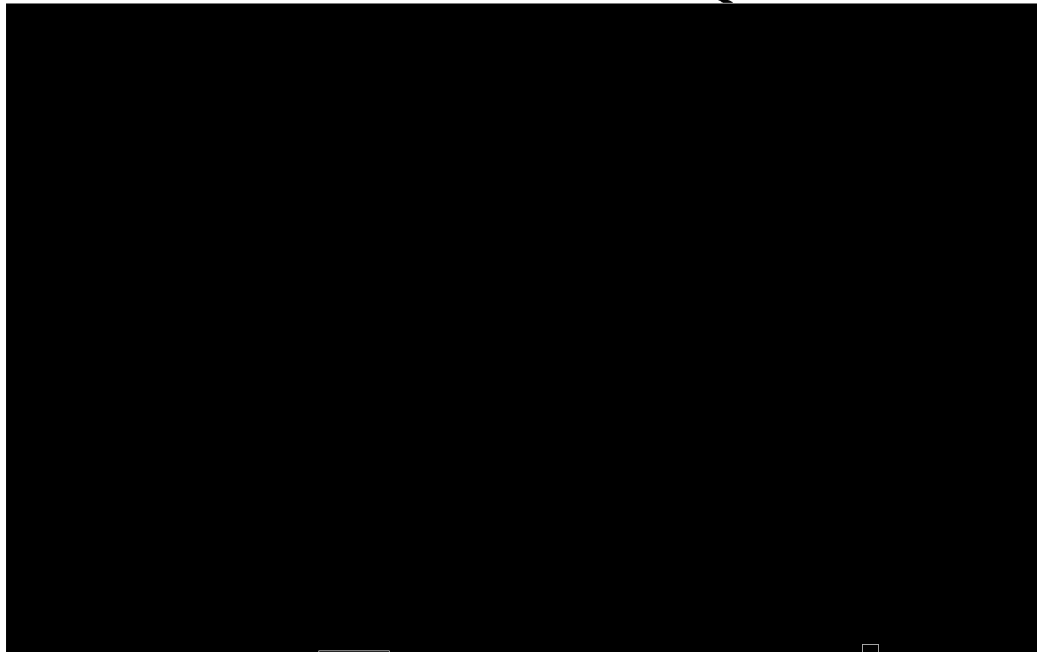
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Bhutan: Forging New Ties

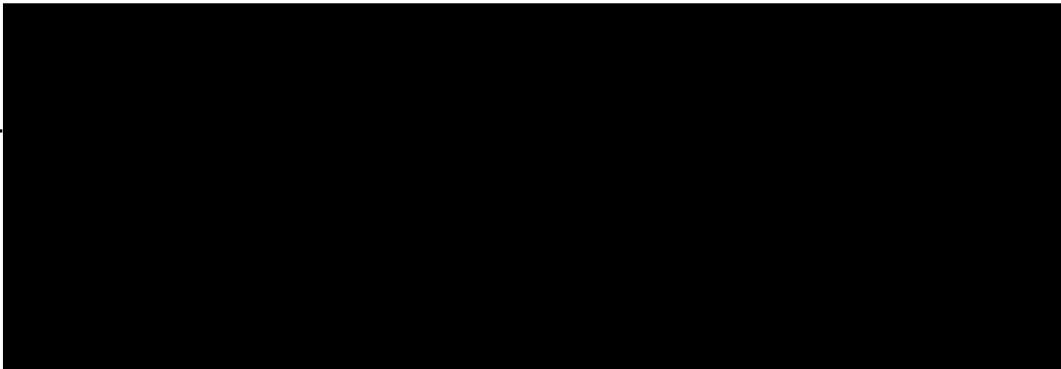
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The Himalayan Kingdom of Bhutan is gradually assuming a modern political role in South Asia, but, despite Bhutan's growing independence of Indian tutelage, good relations with India will remain the focus of Bhutan's foreign policy.

Publications of Interest

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Bhutan: Forging New Ties

The Himalayan Kingdom of Bhutan is gradually assuming a modern political role in South Asia. After two decades of near total economic dependence on India, Bhutan has increased borrowing from multilateral aid institutions, established new trade relations in South Asia, Europe, and the Pacific, streamlined its budget and internal administration, and begun to assert increasingly independent foreign policy positions on a range of regional and global issues. Indian Prime Minister Gandhi's personal friendship with King Jigme Wangchuck and New Delhi's choice of Bhutan as a venue for this summer's Sri Lanka peace talks have reaffirmed India's excellent relations with Bhutan and highlighted Bhutan's emerging role in South Asian affairs. Although still reluctant to establish diplomatic relations with its other giant neighbor, China, Bhutan completed a second round of border talks with Beijing in April.

Managing Ties to India

India is the major focus of Bhutan's foreign relations. Unlike its Himalayan neighbor, Sikkim, Bhutan has never faced a direct Indian threat to its sovereignty and has prospered as an independent monarchy since 1907 in relative isolation from New Delhi. In 1949, India and Bhutan agreed by treaty to continue the British policy of New Delhi "guiding" Bhutan's foreign relations. Despite massive infusions of development assistance—including the construction of a road between New Delhi and Thimphu—India has avoided using its economic leverage to influence Bhutan's internal affairs, which remain politically, ethnically, and culturally distinct from India. King Wangchuck has placed high priority on maintaining excellent relations with New Delhi—a necessity for economic development—and on preserving Bhutanese political and cultural independence.

According to press reports, Gandhi's three-day visit to Bhutan last month underscored strong bilateral ties and paved the way for Bhutan's establishment of diplomatic ties to Switzerland, Sweden, Denmark, and the European Community. For Gandhi, the visit

renewed regional attention to India's "good neighbor" policy, provided a welcome contrast to New Delhi's recent strong-arm tactics in Nepal, and strengthened his longstanding friendship with the 29-year-old King. Since assuming the throne in 1974, Wangchuck has usually met with Indian officials in New Delhi. Gandhi's journey to Bhutan is only the third visit by an Indian Prime Minister and the first since 1972.

The visit also allowed the King an opportunity to reaffirm Bhutan's principal foreign policy objective of maintaining excellent ties to India, its most important trading partner and aid donor. Bhutan also acts as host to nearly 10,000 Indian Army troops who are frequently rotated to maximize Indian troop familiarization with the region. Wangchuck and Bhutan's National Assembly are careful not to criticize India's economic clout, military presence, and the self-serving nature of Indian development assistance. Despite the King's determination to preserve Bhutan's cultural identity, he appears equally committed to gradual economic development.

Although Bhutan has been able to develop alternative aid sources, India's grip on Bhutan's fledgling economy is unchallenged. New Delhi has contributed \$204 million toward Bhutan's fifth economic plan (1981-86)—more than half of the plan's total outlay. It has also financed 60 percent of an ambitious 336-megawatt hydroelectric project designed to make Bhutan an energy exporter to India. Bhutan's emerging export industries of timber, minerals, canned fruits and cement represent only 5 percent of the country's \$300 million GDP and are located principally in the south, closest to Indian markets and technical assistance. Embassy reports indicate that Wangchuck is eager for continued Indian aid and has successfully courted both Rajiv Gandhi and Indian public opinion.

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Portrait of Bhutan

Landlocked Bhutan, about 47,000 square kilometers in area, is nearly the size of Vermont and New Hampshire combined. Much of the population lives in remote valleys that are just beginning to be touched by modern development and the laws and activities of the central government.

The majority of Bhutan's population of 1.4 million are Bhotias—Buddhists of Tibetan descent—who dominate the government and the clergy. People of Nepalese origin and a number of small tribal groups account for much of the rest of the population. Most of the Nepalese were brought in as laborers, and we believe they plan to return to Nepal.

Because of difficult communications and transportation, most Bhutanese communities have traditionally been self-sufficient, meeting basic needs through farming, raising livestock, cottage industries, and trade. Compared to much of South Asia, living standards are relatively good.

Bhutan's official language, Dzongkha, is similar to Tibetan. A number of dialects are spoken in highland villages, and Nepali is widely spoken in the south. The medium of instruction in the country's secular schools is English.

A few hundred students attend secondary and higher schools in India, but an increasing number are being sent to Europe and the United States under UN auspices. It is estimated that approximately 10 percent of the adult population is literate.

Bhutan has been a monarchy since 1907. King Jigme Singye Wangchuck was crowned in 1974 at the age of 18. All political power is vested in the monarch, but increasingly he has delegated authority to the Council of Ministers, which was established in 1968.

Bhutan has no political parties. The National Assembly (Tshogdu) of 152 members is empowered to enact legislation and to approve or reject senior appointments.

Signs of Independence

Press reports indicate that Bhutan is eager to end its long period of isolation and is seeking ways to expand its ties to the outside world. Although the King claims to have no intention of making Bhutan's capital, Thimphu, a "South Asian Geneva," his success as host to two rounds of Sri Lanka peace talks suggests Thimphu could become a more regular site for regional negotiations. Moreover, the kingdom's active participation in the South Asian Association for Regional Cooperation will inevitably accelerate Bhutan's political and economic integration into the region, spurring greater independence from New Delhi.

Cordial relations with Bangladesh are also helping Bhutan emerge from India's shadow. Building on a 1980 trade agreement, Bhutan and Bangladesh agreed formally in January to expand trade and economic relations. In exchange for the full range of Bhutan's exports, Bangladesh will provide pharmaceuticals, textiles and tobacco. In addition, both countries issued a joint communique in April 1983 that called for "immediate and unconditional withdrawal of foreign troops from Afghanistan and Kampuchea"—positions that diverge from New Delhi. So far New Delhi has not officially objected to the growing ties between Thimphu and Dhaka, but Embassy and press reports suggest that India is unlikely to permit Bangladesh too much influence in Bhutan's Indian-oriented foreign policy.

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Bhutan has also shown a willingness to break with New Delhi on its own. Recently, Bhutan acceded to the Nuclear Non-Proliferation Treaty, which New Delhi opposes. Bhutan's first independent steps in foreign policy complement its drive to diversify from predominantly Indian sources for development assistance. Faced with major budgetary constraints at home, New Delhi appears content to allow Bhutan independent membership in a range of multilateral institutions including the Asian Development Bank, the World Bank and the International Monetary Fund. Although New Delhi encourages greater economic independence for Bhutan, it will almost certainly prevent Thimphu from asserting any regular opposition to Indian strategic interests.

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A Cautious Approach to China

Bhutan's relations with China are based primarily on negotiating an undemarcated 500-kilometer border in the Himalayas. Although New Delhi is wary of Beijing's push for better ties to Bhutan, it permitted Bhutan to undertake direct talks with China in 1984. So far, two rounds of talks have produced little progress. Bhutan has reiterated its opposition to an official reopening of economic relations with Tibetan traders. After reluctantly harboring a troublesome Tibetan refugee community during the 1960s and 1970s, the King is eager to keep Tibetan and Chinese influence out of Bhutan. [REDACTED]

Outlook

With the qualified support of Rajiv Gandhi, King Wangchuck is likely to continue an expansion of Bhutanese economic and political relations. Hydroelectric power, tourism, and increasingly better trained and effective administrators are likely to enhance Bhutan's internal revenue and reduce Thimphu's heavy economic dependence on India. Bhutan's recently announced decision to establish diplomatic relations with a number of European countries will also help develop new export markets and improve prospects for increased development assistance. Despite Bhutan's growing independence, good relations with India will remain the focus of Bhutan's foreign policy. [REDACTED]

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